

FALL 2009

**CAMBRIDGE**

Monday, November 2

**WOBURN**

Monday, November 9

**HYANNIS**

Thursday, November 12

**FOXBOROUGH**

Tuesday, November 17

**WEST SPRINGFIELD**

Tuesday, November 17

**IPSWICH**

Thursday, November 19

**AUBURN**

Monday, November 23

**LEE**

Monday, November 30

**CAMBRIDGE**

Monday, November 30

**WEYMOUTH**

Thursday, December 3

# Ready for Retirement

Presented by the MTRS Member Services, Benefits Administration and Communications and Training units

## OVERVIEW

### Timely notes and important updates

#### **Part 1 Pre-retirement issues**

What you need to do and consider before you retire

#### **Part 2 The application process**

A step-by-step walk-through of the process, so that you know what to do and to expect—and when

#### **Part 3 Other retirement issues**

Other topics you need to be aware of as you approach retirement

### Q&A

*Thank you for attending today!*

#### **Main Office**

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101 State Street, Suite 210, Springfield, MA 01103-2066

Phone 413-784-1711 Fax 413-784-1707

**Online** [mass.gov/mtrs](http://mass.gov/mtrs)



### Timely notes and important updates

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First and foremost—

## The economy, the MTRS plan and your benefits

- Your retirement benefits are secure as a contractual obligation of the Commonwealth
- Your benefit is determined according to a set formula, and paid monthly for life
- Fluctuations in the financial markets do **not** affect the formula or the amount of your benefits; the pension fund is invested in a well diversified portfolio, with a focus on long-term returns

- The MTRS is a **defined benefit** plan under Section 401(a) of the Internal Revenue Code.
- Please visit our website for information on the pension fund's investment allocation and performance history.



### Timely notes and important updates

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Recent changes in the pension law—

## The "Pension Reform Act"

Chapter 21 of the Acts of 2009, effective July 1, 2009

- Changes the definition of **regular compensation** to exclude housing allowances, annuities, and individual life and disability insurance premiums, auto/travel allowances)
- Mandates the **direct deposit** of pension benefits for new retirees
- Changes the retirement calculation method for "**dual members**"

- **Dual members:** Regarding the calculation of retirement allowances for members of more than one Massachusetts public retirement system ("dual members"), the Act:
  - Eliminates the combination of two salaries into one retirement allowance
  - Provides for a separate retirement from each system, based on service and salary earned while in that system
  - Exempts members who do not have service in two systems, simultaneously, after 1/1/2010; and, members who have such service, but are vested in both systems as of that date



### Timely notes and important updates


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The Pension Reform Act

## "Regular compensation"

- Effective July 1, 2009, housing allowances, individual Life and Disability insurance premiums and Annuities ("LDAs") are no longer regular compensation
- LDA provisions that were in a contract in effect on May 1, 2009 will be "grandfathered" as regular compensation until the expiration of the term of *that* contract, or June 30, 2012, whichever occurs first
- Parties cannot extend the "grandfather" period by amending the term of the contract in effect on May 1, 2009 to go beyond its original expiration date

- **Uncompensated or nominally-compensated service:** The Act eliminated the purchase of credit for service in certain uncompensated or nominally-compensated (less than \$5,000/year) positions, even if that service was rendered before July 1, 2009. Please note:
  - Specifically, the positions for which service can no longer be purchased are: selectman, city councillor or alderman, school committee member, moderator and library trustee.
  - Service in these positions that was purchased prior to July 1, 2009 will count as creditable service.
  - Service rendered after July 1, 2009 and compensated with less than \$5,000/year will not qualify as creditable service.
- LDA provisions in contracts whose terms automatically roll over without any new agreement or action by any party may be grandfathered through June 30, 2012.



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Regular compensation "grandfathering"

**Example: Ann Administrator**

Ann's contract in effect on May 1, 2009 includes life and disability insurance, as well as an annuity. This contract covers the term 7/1/07 to 6/30/10.


**Q1** Is Ann's LDA "grandfathered" as regular compensation through 6/30/10?

**YES**, up to the amounts specified in the contract in effect on May 1, 2009

**Q2** Can Ann extend her contract so that her LDA will be "grandfathered" as regular compensation through 6/30/12?

**NO**, Ann's LDA is only "grandfathered" until 6/30/10, the expiration date of the contract in effect on May 1, 2009

- Please see our website for links to these additional resources on pension reform:
  - commonly asked questions and answers
  - the full text of the Act
  - PERAC's section-by-section description of the Act (issued on June 22, 2009)
  - PERAC's frequently asked questions




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**Pension reform: What next?**

- In 2008, the Legislature established a Special Commission to study Massachusetts retirement systems and report back to the Governor and Legislature with findings and recommendations
- Special Commission submitted its final report and "proposals" in October 2009
- Next steps: Public hearings to be held by Public Service Committee
- Any additional reforms will require legislative approval; watch our website for updates





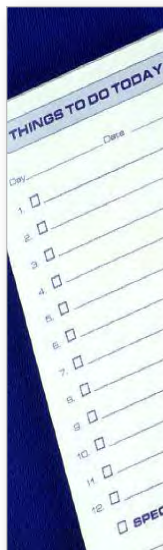
Part 1: Pre-retirement issues
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### First, know the eligibility criteria

Two retirement plans under the MTRS, each with different eligibility criteria:

- **"Regular"**
  - Any age, with **20 years** of creditable service, OR
  - **Age 55** with **10 years** of creditable service
- **RetirementPlus**
  - Any age, with **30 years** of creditable service, at least **20 years** of which must be "teaching" service with the MTRS or Boston Retirement System

- If you are participating in RetirementPlus and, at the time of your retirement, you have 30 years of creditable service, at least 20 years of which are "teaching" service with the MTRS or the Boston Retirement System, you will be eligible to receive the RetirementPlus enhanced benefit.
- With the RetirementPlus enhanced benefit, you receive an additional 12% added to your allowable "percentage of salary average" upon reaching 30 years, with an additional 2% for each **full** year thereafter (e.g., with 31 years, you receive an additional 14%; with 32 years, 16%; with 33 years, 18%, etc.).



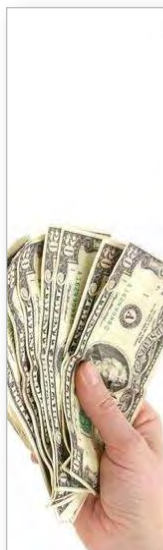
Part 1: Pre-retirement issues
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### Second, complete your service purchases NOW

- If you have rendered past creditable service that is eligible for purchase (see handout for list), investigate the benefit and cost of purchasing it **NOW**, if you haven't already
- **All service purchases must be paid in full prior to your date of retirement—remember:**
  - Certain types of creditable service must be purchased while you are still an active member
  - Rollovers and trust-to-trust transfers take time—start now
  - Late payments will postpone your date of retirement and delay your first retirement check

You may be eligible to purchase credit for:

- ☐ Out-of-state public school teaching
- ☐ Overseas Department of Defense dependent school teaching
- ☐ Non-public school teaching (out-of-state or in Massachusetts; restrictions apply)
- ☐ Massachusetts public school substitute, temporary or part-time teaching or tutoring
- ☐ Peace Corps service
- ☐ Massachusetts public service (a municipal department or state agency)
- ☐ Active military service (during your membership in a MA contributory retirement system or at any time)
- ☐ Vocational work experience service




Part 1: Pre-retirement issues
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### Third, understand that not all earnings qualify as regular compensation...

<b>Included:</b> <ul style="list-style-type: none"> <li>■ Annual base salary per collective bargaining agreement or individual contract</li> <li>■ Regular longevity*</li> <li>■ Coaching</li> </ul>	<b>Excluded:</b> <ul style="list-style-type: none"> <li>■ Amounts paid due to employer's knowledge of retirement</li> <li>■ Sick leave buy-back</li> <li>■ Hourly payments</li> <li>■ Temporary salary augmentations</li> <li>■ Fringe benefits**</li> </ul>
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\* Pursuant to 840 CMR 15.00, and subject to change  
\*\* Except as allowed for under the Pension Reform Act

- As you may know, you pay contributions only on earnings that count as "regular compensation." Likewise, when we determine your final salary average for your retirement benefit calculation, we count only your "regular compensation."
- **Temporary salary augmentations:** Pursuant to Public Employee Retirement Administration Commission (PERAC) regulation 840 CMR 15.03, regular compensation excludes extraordinary, ad hoc, nonrecurring salary enhancements, such as enhanced longevity buy-out provisions (ELBOs).



Part 1: Pre-retirement issues

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### Fourth, understand the benefit calculation formula

**Age factor** based on your age at retirement

x Your number of years of **creditable service**

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Allowed percentage of salary average

+ **RetirementPlus** percentage, if applicable

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Allowable percentage of salary average (80% max)

x **Salary average** (highest three consecutive years)

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Your Option A annual allowance subtotal

+ **Veteran's bonus**, if applicable  
(\$15 per year of creditable service, up to \$300)

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**Your Option A annual allowance total**

- The salary average is the average of either your three highest consecutive years' salaries, or your last three years' salaries, whichever is greater.
- **Veteran's benefit:** If you are a military veteran as defined in M.G.L. c. 32 § 1, a veteran's benefit will be added to your Option A allowance. This benefit is equal to \$15 per year of creditable service, up to a maximum annual total of \$300. You will need to submit a copy of your military discharge (also known as Form DD214). If you are eligible to receive the maximum retirement allowance—80% of the average of your highest three consecutive years' salaries—by reason of your established creditable service and age, you will still receive your veteran's benefit on top of your maximum allowance.



Part 1: Pre-retirement issues

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### Fifth, consider the three benefit options

Option	Retiree benefit amount	Survivor benefit, if any, upon retiree's death
<b>A</b>	Maximum allowance	None
<b>B</b>	Appr. 1% less than Option A amount	One-time lump-sum payment of balance, if any, remaining in retiree's account; no restrictions on beneficiary designation
<b>C</b>	Appr. 9–11% less than Option A amount	Monthly benefit, equal to 2/3 of retiree's benefit, to one named beneficiary (restrictions apply); pop-up provision

#### Option B

- There are no restrictions on who or how many individuals or entities may be named as beneficiary.
- In most cases, the annuity will be depleted in 9 to 11 years.


#### Option C

- The beneficiary must be the member's parent, child, sibling, spouse or former spouse who has not remarried.
- If your Option C beneficiary predeceases you, your monthly benefit will "pop up" to the Option A benefit amount that you would have received on the date of your retirement, plus any cost-of-living adjustments.

## Part 1: Pre-retirement issues

Part 1: Pre-retirement issues

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### Sixth, plan for your health insurance coverage

**Avoid surprises—**  
a year **BEFORE** your date of retirement...

- Contact your appropriate insurance coordinator...
  - if **in** Retired Municipal Teachers' (RMT) Program (see list); Group Insurance Commission
  - if **not** in RMT: Local insurance coordinator; also applies if district participating in "GIC Municipality Program"
- Find out if Medicare eligibility will impact your future insurance benefits; understand your options
- Understand survivor health insurance benefits—do they exist?
- Make arrangements to pay premiums directly, if necessary, until your retirement payments begin

For information on your health insurance coverage options in retirement, if your district:

- Participates in the Retired Municipal Teachers' (RMT) Program (see list, below), contact the **Group Insurance Commission** at [mass.gov/gic](http://mass.gov/gic), or 617-727-2310.
- Is not listed as participating in the RMT Program, below, please contact **your local insurance coordinator**. (Note: Your city or town may participate in the "GIC Municipality Program." If so, you should still contact your local insurance coordinator as he or she will administer your coverage, which is provided through the GIC.)

For information regarding your Medicare eligibility, see [www.medicare.gov/MedicareEligibility](http://www.medicare.gov/MedicareEligibility).

### Districts participating in the Retired Municipal Teachers' (RMT) Program (as reported by GIC as of October 8, 2009)

Amesbury	Dennis	Milton	Pelham	Spencer	Wilbraham-Paxton
Amherst	Eastham	Monson	Pioneer Valley	Spencer-East	Woburn
Amherst-Pelham	Everett	Narragansett	Regional	Brookfield	
Regional	Gloucester	Regional	Plainville	Regional	
Andover	Granby	Newbury	Quabbin Regional	Stoughton	
Barnstable	Greater Lawrence	North Adams	Rehoboth	Upper Cape Cod	
Billerica	Regional	North Andover	Revere	Regional	
Blackstone Valley	Harvard	North Attleboro	Rockland	Ware	
Regional	Holyoke	North Middlesex	Rockport	Wareham	
Bourne	Hudson	Regional	Rutland	West Bridgewater	
Braintree	Lawrence	Norwell	Salem	Westfield	
Bridgewater	Martha's Vineyard	Orange	Salisbury	West Springfield	
Cohasset	Regional	Paxton	Shawsheen Valley	Whitman-Hanson	
Dedham	Medford	Peabody	Regional	Regional	

*For the latest list, always go to [mass.gov/gic](http://mass.gov/gic), or contact your local insurance coordinator*

Obtain the following information from your local insurance coordinator (generally, your local treasurer or school business office).

- 1) What percentage of your health insurance premium will your school district pay when you retire? . . . . .  %
- 2) Your health plan options...
  - Which health plans will your district make available to you when you retire?
  - What are the differences in premiums?
  - Does your district provide an option that will cover you if you move out of state? . . . . . ☐ No ☐ Yes (describe)


Health plan	Premiums

- 3) If you qualify for Medicare, what are the insurance plan options provided by your school district to supplement Medicare?

- 4) If you cover a spouse or dependent(s):
  - What will happen to your survivor's coverage in the event of your death?
  - Will the district continue to pay a portion of your survivor's health insurance?



## Part 2: The application process



### Part 2: The application process

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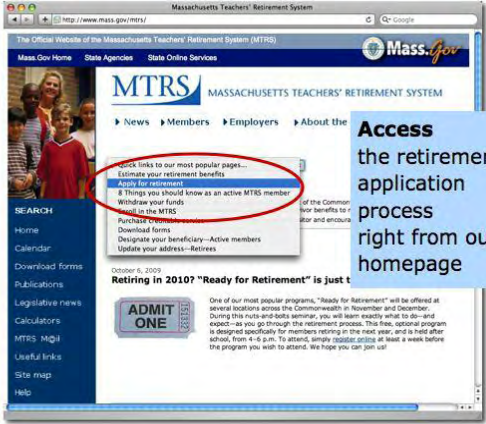
## Five basic steps...

What you need to do...	When, relative to retirement date...
1. <b>Go online</b> to the MTRS website and <b>estimate</b> your benefit, <b>review</b> general issues and <b>download</b> the two-part Retirement Application	6 months before
2. <b>Complete</b> Part 1, gather your required documents, and <b>give</b> Part 2 to your payroll official for completion	5 months before
3. <b>Receive</b> Part 2 from your payroll official and <b>submit</b> your application to MTRS	3-4 months before
4. <b>Receive</b> your <i>Notice of Estimated Retirement Benefits</i> from MTRS	About 1 month before
5. <b>Receive</b> your first retirement check!	Second full month after

### Part 2: The application process

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## Step 1: Go online and...



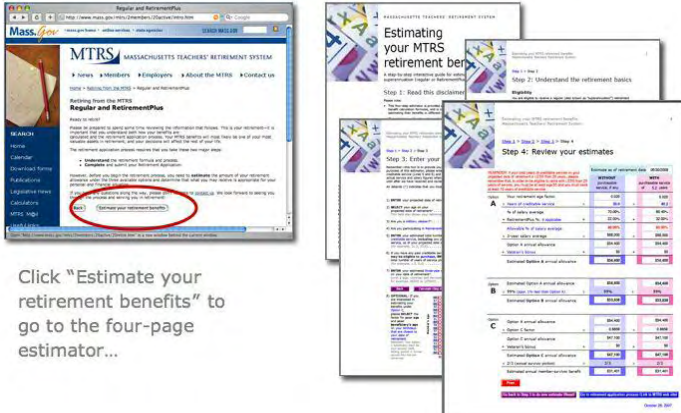
Go to [www.mass.gov/mtrs](http://www.mass.gov/mtrs), and in the "Quick links to popular pages" drop-down menu, select "Apply for retirement."

This will bring you to...

### Part 2: The application process

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## ...Estimate your retirement benefit using the interactive estimator



Click "Estimate your retirement benefits" to go to the four-page estimator...

...the first page of the retirement application process.

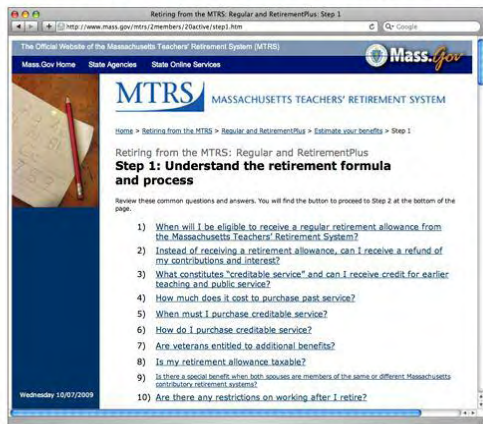
Using the buttons at the bottom of the pages, follow the steps to **estimate** your retirement benefit...

## Part 2: The application process

### Part 2: The application process

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...**Review** the common Q&A—it's likely that you'll see your questions asked and answered here

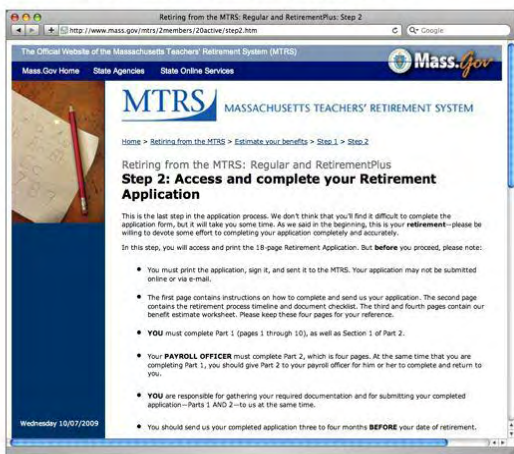


...review our Frequently Asked Questions, and...

### Part 2: The application process

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...**Download** the Retirement Application



...download the Retirement Application.

**Note:** We recommend that you follow all of these steps to get to the page with instructions for downloading the application form, as this will ensure that you are aware of the various issues to consider and the details of the retirement process. Later, if you find that you need to print out another copy of the application, you can access it directly from our Downloadable forms page.

### Part 2: The application process

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## Step 2: Complete the **application**




- Interactive pdf format
- Complete onscreen in part or full, or print and complete by hand

Please note: If your salary changes **after** you submit your application to the MTRS, report these changes to the MTRS, including:

- retroactive contract settlements,
- stipends not previously reported on your retirement application, and
- unpaid leaves of absence or unpaid sick leave.





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### Step 3: Submit the application


- **Receive** completed Part 2 from payroll official
- **Attach ALL** required documents
- **Make** a copy of everything for your records
- **Submit BOTH** Part 1 and Part 2 together to the MTRS (eastern MA, Cambridge office; western MA, Springfield office)
- MTRS will review your application and send you a letter to acknowledge it as received, and either **complete** or **incomplete**, with a request for the missing documentation

We advise you to file your retirement application three to four months before your retirement date. However, by law, you may file your application up to 60 days after your effective date of separation from service and still use the date of separation as your retirement date.

⚠ If you file your application more than 60 days after your date of separation from service, your retirement date—and your benefits—will **NOT** be retroactive to your resignation date. In this case, the earliest effective date of retirement you may use will be 15 days *after* the date we receive your signed application. For example, if you decide during summer vacation that you want to retire instead of returning to the classroom in the fall, you must file your completed application on or before August 29 to use June 30 as your retirement date and have your benefits be retroactive to June 30. If you file your application on August 30, your earliest retirement date would be September 14, and you would lose two and a half months' worth of retirement benefits (from July 1 through September 14).

⚠ If you are retiring on your **birthday**, use that exact day as your date of retirement, **not** the day after.

**For information on choosing your retirement date, please see page 14.**



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### Step 4: Receive your *Notice of Estimated Benefits*

- Applications processed on a "first-come, first-served" basis
- We may need to contact your school department for additional information; we will notify you if this causes a delay
- Please note: Calculations may take up to four months to complete
- Once your benefit calculation is complete, your *Notice of Estimated Retirement Benefits* letter will be sent to you


Your *Notice of Estimated Benefits* will include:

- the components of the retirement formula used to calculate your benefit amount, including your number of years of creditable service, your three-year salary average and, if you selected Option C, information on your beneficiary;
- your monthly and annual retirement benefit amounts; and,
- if you selected:
  - ☐ Option B, your estimated annuity balance "spend-down" period (i.e., the estimated number of years after which your annuity balance will be zero and no benefit will be payable to your beneficiary upon your death).
  - ☐ Option C, the amount of your survivor benefit.

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- As a reminder, your “after-tax” amount includes your contributions prior to 1988, plus any “after-tax” payments made to buy back prior service.
- For guidance on how other states treat your MTRS pension, see the Massachusetts Department of Revenue’s site, at [www.mass.gov.dor](http://www.mass.gov/dor) > Individuals and Families > Personal Income Tax > Current Year Tax Information > Guide to Personal Income Tax > Massachusetts Income.






Part 3: Other retirement issues 28

### Tax issues

- By January 31st of each year, we will mail you a **1099-R** tax form (the retiree version of your W-2 form)
- Gross earnings and taxable earnings will be detailed on the 1099-R
- You are also required to provide proof that you remain eligible (i.e., alive) to receive your retirement allowance
- At least once every two years, the MTRS will send you a **Benefit Verification Form** to prevent pension fraud and ensure your benefits are being paid to the rightful and living recipient; your notarized signature is required




Part 3: Other retirement issues 29

### Post-retirement employment

There are **no limits** on the following:

- Employment in the private sector
- Employment in another state—public or private
- Employment within the federal government
- Volunteering

- These limitations apply to post-retirement employment with a Massachusetts public employer. In other words, if you render service to a Massachusetts city, town, county or the Commonwealth, the limitations will apply.
- The work that you perform does not necessarily have to meet the requirements for membership in a Massachusetts contributory retirement system; these limitations apply if you work as a “leased employee” or if you receive *any* check issued by a public employer in Massachusetts, including work as a consultant.



Part 3: Other retirement issues 30


### Post-retirement employment

General time and earnings limitations on re-employment in the **Massachusetts public sector...**

- **Time:** Service cannot exceed **960 hours** in a calendar year
- **Earnings:** Post-retirement earnings **cannot exceed** the difference between the current salary of the position from which you retired, and the amount of your annual pension
- **If returning to same employer from which you retired:** Must be separated from service for 60 days before returning (waived if retiring at age 65 or at 80% maximum benefit)

- If you are returning to work for a Massachusetts public employer—but not the same employer from which you retired—then the 60-day separation from service requirement does **not** apply.





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### Post-retirement employment

#### An example of earnings restrictions

Mary Educator retires June 30, 2010 from a position that paid \$63,000 per year

School year 2010–11 salary for Mary's former position*	\$65,000
– Mary's annual gross MTRS pension	– \$45,000
Mary's allowable earnings for the rest of calendar year 2010	\$20,000

\* "Salary" includes earnings such as regular longevity, coaching and contracted stipends. It does not include annuity/insurance premiums or other fringe benefits.




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### Post-retirement employment

#### Different rules in the event of an ESE-approved "critical shortage":

- RetirementPlus retirees must wait two years to be eligible
- School district must contact the ESE to obtain a one-year "waiver" for a specific position
- If above are met, the retiree may work without earnings limitation for the duration of the critical shortage "waiver"




Part 3: Other retirement issues 33

### Post-retirement employment

#### Additional precautions...

- Service rendered as a "consultant" or a "leased employee" to a MA public school or agency **is** subject to the service and earnings restrictions
- You may elect to waive or "freeze" your benefit if you are approaching your earnings or service limits
- If you exceed the allowable limits, the MTRS or your employer must recover all excess earnings from you

- The earnings limitations on re-employment of retirees in the Massachusetts public schools may be eased if the Department of Elementary and Secondary Education (ESE) determines there is a "critical shortage" in a particular position. The ESE has adopted regulation 603 CMR 7.03(b), allowing the Commissioner of Elementary and Secondary Education to deem that a district has a "critical shortage" upon the request of a superintendent and demonstration that the district has made a good-faith effort to hire non-retirees and has been unable to find them. The "critical shortage" application process is similar to that for requesting a waiver for certification.
- Effective July 1, 2004, members of Massachusetts contributory retirement systems who retired under superannuation or termination retirement were allowed to reinstate as active members of the MTRS.
- In other words, retired members who agree to certain terms and conditions, can return to active membership in the MTRS and, in effect, "unretire." Under this provision, the retiree must pay back to the retirement system the total pension benefits received while retired, plus interest at the actuarial assumed rate of 4.125 percent. Additionally, the retiree must be employed in a full-time position subject to membership in the MTRS, for at least five full years from his or her reinstatement date, in order to accrue additional retirement benefits.
- Since this legislation was passed, only a very few MTRS retirees have reinstated.



Part 3: Other retirement issues 34

### Social Security: Two “double-dipping” laws


If you are eligible for Social Security benefits based on your...

- **Own employment earnings:**  
Windfall Elimination Provision (WEP)
  - Exempt from WEP if you were eligible to retire from the MTRS prior to 1/1/86
- **Spouse’s employment earnings:**  
Government Pension Offset (GPO)
  - Exempt from GPO if you were eligible to retire prior to 12/1/82

See our handout, *Social Security and the MTRS member*

- For additional information, please visit [www.socialsecurity.gov](http://www.socialsecurity.gov).
- While the reductions under Social Security’s two “double-dipping” laws apply to *retirees* of Massachusetts public pension systems who also receive Social Security benefits, these reductions do **not** apply to the *survivor beneficiaries* of public retirees.

For example, Mary Educator retired under Option C and named her spouse, John, as her beneficiary. John is also retired and is receiving Social Security benefits based on his own employment earnings. Upon Mary’s death, John will begin receiving Mary’s MTRS Option C survivor benefits, and his Social Security benefits will not be reduced.




Part 3: Other retirement issues 35

### Social Security

- Even if you are subject to the WEP or GPO, you may still qualify for Medicare either on your own or through your spouse
- For more information, please visit [www.medicare.gov](http://www.medicare.gov)

- If you receive Social Security benefits in addition to your MTRS retirement allowance, and you are subject to either the WEP or GPO, you may be required to report cost-of-living adjustments (COLAs) to your MTRS pension to the Social Security Administration. When you apply for Social Security benefits, please be sure to inquire as to when and how you should report your MTRS COLAs.



Part 3: Other retirement issues 36

### Cost-of-Living Adjustments

- **Eligibility:** MA public retirees are eligible for COLAs after one full fiscal year of retirement
- **Granted by Legislature:** As part of the annual budget process, a COLA is subject to approval by vote of the MA Legislature
- **Amount:** Currently, 3% or the CPI, whichever is less, on the first \$12,000 of your retirement allowance, for a maximum increase of \$360 per year

- The Board continues to support an increase in the cost-of-living adjustment (COLA) base while securing the purchasing power protection of our retired members, and establishing an employee pension contribution rate that is reflective of the retirement benefits earned by our members.



# Choosing your retirement date

## Summer birthdays, mid-year retirements and other considerations

Your retirement date affects not only the amount of your benefits, but when they become payable and when you become eligible to receive your first cost-of-living adjustment (COLA). For some members, choosing a retirement date is a simple decision; for others, it is a difficult and emotional choice. To choose the retirement date that is best for you—financially and personally—make sure that you understand how the formula works and the financial considerations involved.

### Consider what these dates could mean for you...

■ <b>June 30</b>	The majority of MTRS members retire on June 30, the date on which most contracts for teachers come to an end. Additionally, by regulation, MTRS members retiring at the end of the school year <b>must</b> use June 30 as their retirement date even if the last day of school is earlier in the month. This rule exists so that teachers not only complete their contractual obligations, but also receive full service and salary credit for the year for their retirement calculations.
■ <b>Your birthday*</b>	<p><b>In July or August:</b> If you're under age 65, it may be in your financial interest to retire on your birthday instead of June 30. On your birthday, your age factor will be higher, resulting in a greater retirement benefit for the rest of your life. Note, however, that you need to consider the amount of retirement benefits that you "give up" by postponing your retirement date until your birthday. <b>Example:</b> Joe Teacher will turn 61 on his birthday on August 2. If he retires on his birthday instead of June 30, he will "give up" the equivalent of one month and two days of retirement benefits that he would have received if he had retired on June 30. However, it is financially advantageous for Joe to wait until his birthday because he has determined that his retirement allowance will be sufficiently greater on that date—allowing him to recoup the retirement payments he "gave up" in a short period of time—and he will receive his increased benefit for the rest of his life.</p> <p><b>During the school year:</b> To receive the benefit of a higher age factor, you may want to retire on your birthday during the school year—or at the end of the month in which your birthday occurs. The MTRS calculates creditable service based on <b>full</b> years and <b>full</b> months of employment. Accordingly, if your birthday is October 17, it would most likely be in your financial interest to work until the end of October and use October 31 as your retirement date; by using October 31, you will receive service credit for the full month.</p>
■ <b>Any date during the school year</b>	If circumstances arise that cause you to decide to retire during the school year, please keep in mind that the MTRS calculates creditable service based on <b>full</b> years and <b>full</b> months of employment. Accordingly, it would most likely be in your financial interest to work until the end of a particular month, if possible, so that you receive service credit for the full month. Reminder: If you are on fully paid sick leave, you are accruing full service and salary credit toward retirement.
■ <b>After your separation from service</b>	<p><b>Within 60 days of your separation from service:</b> Your retirement date may be retroactive to your date of separation from service up to 60 days if you file your retirement application—along with a copy of your school district's written acceptance of your retroactive retirement date—within 60 days of your separation from service.</p> <p><b>More than 60 days after your separation from service:</b> If you file your retirement application more than 60 days after your separation from service, your date of retirement cannot be retroactive—it may be no earlier than 15 days from the date that we receive your application. <b>Example:</b> Mary Educator resigns her teaching position on June 30, 2010 to explore another career. On February 1, 2011 she decides to retire from the MTRS. Her earliest retirement date is February 16, 2011.</p>

### ...and understand what your date of retirement means regarding COLAs...

**Reminder—**  
While annual COLAs have been granted in recent years, COLAs are subject to legislative approval every year, and are not guaranteed.

**Eligibility for first COLA:** You must be retired for a full fiscal year in order to receive your first cost-of-living adjustment (COLA), and fiscal years run from July 1 to June 30. Accordingly, if you retire on June 30, 2010, you will be eligible to receive your first COLA on July 1, 2011; if you retire just one month later, on July 30, 2010, you must wait until July 1, 2012—nearly two calendar years—to receive a COLA.

**COLAs are cumulative:** If they are granted, COLAs are added to your gross retirement allowance. For example, if your annual retirement allowance is \$40,000 and the COLA is \$360, your gross allowance becomes \$40,360. With the next year's COLA, your allowance increases to \$40,720; the following year it is \$41,400, and so on. In other words, that first \$360 "stays" in your allowance over the years. So if you retire on July 30 instead of June 30, you will not only "miss" that first COLA of \$360 in your first year of retirement, but every year thereafter. Over the course of 20 years, that could result in \$7,200 in "missed" COLAs; while this may not make enough of a difference for you to change your choice of retirement date, you should be aware of the effect this might have on your benefits.

### Remember—we are here to help...

If you need more information about choosing your retirement date, our Member Services representatives in both offices are happy to assist you!

\*Using a later birthday as a retirement date will **not** result in an increase in:

- **the age factor** used in the calculation of your retirement allowance if you are already at age 65 (the age factor does not increase after age 65); or,
- **your allowable percentage of salary average**, if, based on the current combination of your age and years of creditable service, you have already reached the maximum allowance of 80% of your three-year salary average.



### So...ready for retirement?

After you retire, we will still be here to serve you—and we look forward to continuing our relationship with you for many years. Please know that, throughout your retirement, we will continue to have responsibilities to each other.

During your retirement, **YOU** need to:

- **CONTACT** the MTRS if you...
  - **change** your name, address or Social Security number
  - **lose** your retirement check
  - become **re-employed** by a Massachusetts public employer and exceed the time and earnings limitations
  - become **divorced**, and your retirement allowance is divided
  - want to **change** your withholding for federal taxes, retiree beneficiary designation (Option B only), or payment method (mailed check or direct deposit)
  - want to **participate** in the governance of the MTRS as an elected Board member
  - if you are receiving an ordinary or accidental disability retirement benefit, **begin to receive** Workers' Compensation benefits, or **have a change** in your Workers' Compensation benefits
- **COMPLETE** and **RETURN** your Benefit Verification form when we mail it to you, to confirm that you are still eligible to receive your benefit payment
- **ADVISE** your survivors to contact us in the event of your death

During your retirement, **WE** will:

- **pay** you a monthly retirement allowance;
- **forward** your health insurance payment, if applicable;
- pursuant to your instructions, **withhold** federal income tax from your benefit payment;
- in January of every year, **send** you a 1099-R tax form; and,
- **pay** a benefit to your survivor, if applicable.


Again, thank you for taking an active interest in preparing for your retirement by attending our program today. We hope that it has been informative and helpful in making you ready for retirement!

# Your retirement process timeline and checklist

To fill in the dates, start with “Your date of retirement” and work backward

As you will see on the application, you are asked to list all of your creditable service and provide your “best estimate” of your total number of years.

**Please note that it is NOT necessary for you to request a “creditable service estimate” from the MTRS in order to complete your application.** When we process your application, we will determine your exact amount of creditable service and notify you of the total before your benefit is finalized.

When (in relation to your date of retirement)	Action	Your dates
One year before	<input type="checkbox"/> <b>CONTACT</b> your local health insurance coordinator to confirm the health insurance coverage for which you will qualify as a retiree. If you cover a spouse or other dependent, be sure to ask about dependent coverage while you are retired <i>and</i> in the event of your death.	<input type="text" value="/"/> <input type="text" value="/"/>
7–8 months before	<input type="checkbox"/> <b>GO</b> to our website at <a href="http://mass.gov/mtrs">mass.gov/mtrs</a> , and select Members > Active members > Creditable service. Review all of the types of service listed and apply to purchase any that apply to you and for which you have not yet established credit.	<input type="text" value="/"/> <input type="text" value="/"/>
6 months before	<input type="checkbox"/> <b>GO</b> to our website at <a href="http://mass.gov/mtrs">mass.gov/mtrs</a> , and, in the “Quick links to our most popular pages” menu, select “Apply for retirement.” Follow the steps to estimate your benefits, review FAQ and download and print your retirement application.	<input type="text" value="/"/> <input type="text" value="/"/>
4–5 months before	<input type="checkbox"/> Complete Part 1 of the application and forward Part 2 to your payroll officer for completion. <input type="checkbox"/> Gather your required documents.  <b>NOTE:</b> If you do <b>not</b> submit the required documents with your application, your application will <b>not</b> be processed. <ul style="list-style-type: none"> <li><input type="checkbox"/> Copy of marriage certificate (<i>if you no longer use your maiden name or if you are selecting Option C and naming your spouse as beneficiary</i>)</li> <li><input type="checkbox"/> <b>Certified</b> copy of your birth record</li> <li><input type="checkbox"/> Copy of your military discharge form DD214 (<i>if you are a veteran</i>)</li> <li><input type="checkbox"/> Copy of your notice of termination (<i>if you are filing for a termination retirement allowance OR are retiring on a day other than the last day in your contract year</i>)</li> <li><input type="checkbox"/> Copies of your contracts/salary schedules for your 3-year salary average period, including any pages referencing contractual language to substantiate any earnings in excess of your regular contract rates</li> <li><input type="checkbox"/> A VOIDed check (<i>if you are having your benefit deposited directly to a checking account</i>)</li> <li><input type="checkbox"/> Completed Option B beneficiary designation (<i>if you are selecting Option B</i>)</li> <li><input type="checkbox"/> <b>Certified</b> copy of your beneficiary's birth record (<i>if you are selecting Option C</i>)</li> <li><input type="checkbox"/> Copy of your qualified Domestic Relations Order (<i>if you are divorced and have such an order in effect</i>)</li> </ul> <i>We will return original documents to you.</i>	<input type="text" value="/"/> <input type="text" value="/"/>
3–4 months before	<input type="checkbox"/> Receive signed Part 2 from your payroll officer. <input type="checkbox"/> Make a copy of your application and attachments. <input type="checkbox"/> Submit application and ALL attachments to MTRS. <i>We will acknowledge receipt of your application in writing.</i> <input type="checkbox"/> Make payment for any pending creditable service purchases.	<input type="text" value="/"/> <input type="text" value="/"/>
About one month before your first pension check	<input type="checkbox"/> Receive Notice of Estimated Retirement Benefit (NERB) and first payment information from MTRS.	<input type="text" value="/"/> <input type="text" value="/"/>
<b>Your date of retirement</b>		<input type="text" value="/"/> <input type="text" value="/"/>
Second full month after	<input type="checkbox"/> Receive first retirement allowance payment from the MTRS.	<input type="text" value="/"/> <input type="text" value="/"/>